

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6124**

**BILL NUMBER:** HB 1053

**NOTE PREPARED:** Nov 18, 2006

**BILL AMENDED:**

**SUBJECT:** Eligibility for TANF.

**FIRST AUTHOR:** Rep. Crawford

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that an individual who has been convicted of a felony involving a controlled substance and has completed or is participating in certain substance abuse treatment programs or mental health programs may receive assistance under the federal Temporary Assistance for Needy Families (TANF) program for up to 12 months. The bill requires the Department of Correction to assist an offender with applying for TANF. It also makes technical corrections.

(The introduced version of this bill was prepared by the Forensic Diversion Study Committee.)

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** *Summary:* The annual cost to the state of providing TANF cash assistance to all individuals whose TANF benefit has been discontinued or who has been denied a benefit due to a felony drug conviction is estimated to be between \$590,000 and \$908,000 for FY 2008 and FY 2009.

*Background Information:* Federal statute provides that individuals convicted of felony drug offenses are not eligible for TANF or Food Stamp Program benefits. However, states may opt out of this federal prohibition. Current Indiana statute provides that an individual convicted of an offense relating to controlled substances is ineligible to receive TANF assistance for one year if convicted of a misdemeanor and ten years if convicted of a felony unless the individual is participating in a Reentry Court program. This bill allows felony offenders to receive TANF benefits for up to one year, if the individual convicted of a felony completes or participates in substance abuse or mental health treatment. If the offender chooses not to participate in treatment, the current sanction remains in place. The annual cost to the state of providing TANF cash assistance to all individuals whose TANF benefit has been discontinued or who has been denied

a benefit due to a felony drug conviction is estimated to be a minimum of \$590,000 and a maximum of \$908,000 for FY 2008 and FY 2009. [Note: There could be a related reduction of expenditures in the local Township Assistance programs to the extent that TANF cash assistance substitutes for local assistance. (See *Explanation of Local Expenditures*, below.)]

The number of individuals who have either been denied or lost TANF eligibility due to a felony drug conviction is shown in the table below.

Year	TANF Closures & Denials
FY 2002	261
FY 2003	416
FY 2004	568
FY 2005	736
FY 2006	841

The bill limits the assistance to a period of time not to exceed one year. The amount of cash assistance associated with one member of the TANF assistance unit can be \$58.50 or \$90 monthly, depending on family size. (Dependent children would not necessarily lose benefits - only the adult's benefit would be affected.) Food Stamp benefits are not available to individuals with a felony drug conviction unless they are participants in a Reentry Court Program. Eligibility for the Medicaid Program is not affected by these sanctions.

The requirement that the individual must either complete or be participating in a substance abuse treatment program provided by a certified addiction services provider, a mental health provider, the Department of Correction, or operated by the federal government may reduce the estimated expenditures somewhat if individuals choose not to participate. Expenditures may also be reduced due to legal custody issues involving the dependent children who would qualify the individual for TANF benefits.

*Background on Funding Under the TANF Program* - TANF assistance is shared between state and federal governments. However, the federal share is provided through a capped block grant allocation with a state maintenance-of-effort (MOE) requirement. The additional expenditures required under this bill would not affect the block grant allocation received by Indiana.

TANF block grant allocations are determined on a formula basis with increased flexibility for their use by the states over what was permitted under the prior Aid to Families with Dependent Children Program. States may use TANF funds in any "manner reasonably calculated to accomplish the purpose of TANF." TANF services can include a monthly cash assistance grant, eligibility for the Medicaid Program, and access to other programs and services designed to help recipients achieve economic self-sufficiency.

The maximum monthly cash grant as provided in statute is \$139 for a family size of one, \$229 for a family size of two, and an additional \$58.50 for each additional person. Cash assistance is limited to 24 months for parents and caretakers, and a 60-month limit on assistance exists for the entire assistance group. This bill would allow up to 12 months of cash assistance for individuals who were previously denied benefits.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** An increase in TANF cash assistance paid to individuals who would no longer be sanctioned from the program could lead to a corresponding reduction in assistance paid to these individuals by locally funded Township Assistance programs.

Currently, if an individual is sanctioned from the TANF Program because of a drug conviction, township trustees are under no obligation to extend Township Assistance to the individual. This bill, however, eliminates the TANF sanction from statute. While Township Assistance programs are operated out of the 1,008 townships, the programs are administered under uniform standards. However, each program can differ with respect to income eligibility standards and benefit levels. The eligibility standards and benefit levels, by statute, must be consistent with the reasonable costs of basic necessities in the trustee's particular township. Township Assistance programs are funded through local revenues.

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration.

**Local Agencies Affected:** Townships.

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